

Message Text

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ACTION EB-07

INFO OCT-01 ISO-00 AF-06 ARA-06 EA-06 EUR-12 NEA-10 IO-10

OIC-02 AGR-05 COME-00 SP-02 AID-05 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 INR-07

NSAE-00 L-03 H-02 PA-01 PRS-01 USIA-06 /119 W

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P R 301016Z MAY 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 1512

INFO AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION GENEVA

AMEMBASSY MOSCOW

AMEMBASSY TOKYO

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ROME FOR FODAG

E.O. 11652: N/A

TAGS: EAGR

SUBJECT: SECOND SESSION OF IWC PREP GROUP: VIEWS OF
KEY PARTICIPANTS

1. SUMMARY. SOVIET DEL (DENISOV) STARTLED MEETING BY
MAKING EARLY STATEMENT IN FAVOR OF NEGOTIATING NEW WHEAT
AGREEMENT TO INCLUDE STOCK PROVISIONS. JAPANESE FOLLOW-
ED WITH SIMILAR VIEW. THESE DEVELOPMENTS SEEM TO HAVE
CUT GROUND FROM UNDER EC DE-EMPHASIS OF IWC WORK ON
GRAINS. EC PURSUED DISRUPTIVE TACTICS EARLY IN MEETING
BUT LATER FELL SILENT. GENERALLY USEFUL DISCUSSION OF
TECHNICAL PAPERS PROCEEDED WITHOUT FURTHER SURPRISE.
MAIN ITEM FOR CONSIDERATION ON FRIDAY WILL BE FURTHER
WORK OF PREP GROUP. END SUMMARY.

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2. MORNING SESSION OF FIRST DAY'S MEETING OPENED WITH

GENERAL DISCUSSION OF CONTENT OF NEW AGREEMENT ON GRAINS IN CONTEXT OF PAPER ON ELEMENTS OF NEW AGREEMENT SUBMITTED BY CANADA. MOST SIGNIFICANT WERE STATEMENTS BY SOVIET AND JAPANESE DELEGATES SUPPORTING WORK IN IWC LEADING TO NEGOTIATION OF A NEW INTERNATIONAL WHEAT AGREEMENT. SOVIET STATEMENT WAS SHORT AND UNEQUIVOCAL. IT SAID THAT USSR WILLING TO PARTICIPATE IN NEGOTIATION OF NEW AGREEMENT WHICH INCLUDED ECONOMIC (PRICE) AND STOCK PROVISIONS. (SOVIET DEL CONFIRMED THIS STATEMENT WHEN QUERIED BY EC REP.). JAPAN, WHILE NOT AS DIRECT AS SOVIETS, ALSO INDICATED IT IS PREPARED FOR NEGOTIATION OF NEW AGREEMENT. JAPANESE DEL NOTED PROVISIONS DEALING WITH BOTH SHORTAGE AND SURPLUS SITUATIONS NEED TO BE INCLUDED. HE ALSO EXPRESSED WILLINGNESS TO CONSIDER AGREEMENT INCLUDING ALL GRAINS, BUT PREFERRED DEALING INITIALLY WITH WHEAT. IN JAPANESE VIEW, GRAIN TRADE AND FOOD AID SHOULD BE DEALT WITH IN SEPARATE CONVENTIONS. CONCLUDING BOW MADE IN DIRECTION OF SOME EVENTUAL RELATIONSHIP BETWEEN NEGOTIATION OF GRAINS AGREEMENT AND TRADE NEGOTIATIONS IN MTN.

3. EC REPRESENTED BY JACQUOT, WHO WAS IN EC DELEGATION AT MTN GRAINS SUB-GROUP JUST CONCLUDED IN GENEVA. PIERRE MALVE, EC OFFICIAL WHO HAD PREVIOUSLY BEEN SPOKESMAN AT MEETINGS IN FAO AND IWC ON SUBJECT OF GRAIN STOCKS, WAS NOWHERE TO BE SEEN. JACQUOT ATTEMPTED TO PLAY DISRUPTIVE ROLE AND SPOKE INITIALLY FOR OVER HALF HOUR, LASHING OUT AT "ACTIVISTS IN WHEAT COUNCIL" WHO PRESS FOR DISCUSSION OF BASIS FOR NEW AGREEMENT BUT FAIL TO SUBMIT PAPERS WITH COVERAGE THEY HAD AGREED TO PROVIDE. HE ASKED RHETORICALLY IF CURRENT MEETING WAS NOT "INOPPORTUNE" AND CRITICIZED CANADIAN PAPER AS INADEQUATE BASIS FOR NEW AGREEMENT.

4. SOMEWHAT PROVOKED, SINCE CANADIAN PAPER WAS LIST OF ELEMENTS FOR DISCUSSION AND NOT EFFORT TO DESCRIBE TERMS

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OF AN AGREEMENT, CANADIAN DEL STRUCK BACK AND QUESTIONED
EC SINCERITY. HE WAS JOINED BY US AND AUSTRALIA. THIS
SPARRING CONTINUED THROUGHOUT MORNING.

5. AFTERNOON SESSION DEVOTED MAINLY TO DISCUSSION OF
METHODS FOR TRIGGERING ACTIVATION OF STOCK PROVISIONS.
AUSTRALIAN PAPER ON PRICE INDICATOR WELL RECEIVED,
ALTHOUGH ITS TECHNICAL SHORTCOMINGS WERE OBJECT OF COM-
MENT, ESPECIALLY BY US. CANADA NOTED ITS INTEREST IN
FLOOR PRICE OBJECTIVE AND WILLINGNESS TO ALLOW PRICE
MOVEMENTS TO REGULATE SUPPLY -- EMPHASIZING NEED FOR
FLEXIBILITY IN APPLICATION OF INDICATOR CRITERIA.

6. US PAPER ON QUANTITATIVE TRIGGER WAS DISCUSSED AND
CRITICIZED MAINLY FOR RELYING ENTIRELY ON DEVIATION FROM
PRODUCTION AS INDICATOR, TO EXCLUSION OF CONSUMPTION
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FACTORS. SEVERAL DELEGATIONS, ESPECIALLY JAPANESE,
NOTED INTEREST IN HEARING COMPREHENSIVE US STATEMENT ON
RESERVES ASPECT OF GRAINS AGREEMENT. EGYPTIAN DEL WAS
PARTICULARLY OPPOSED TO US APPROACH COMBINING WHEAT AND
RICE FOR FOODGRAIN RESERVE.

7. US PAPER ON RELATIONSHIP OF FOOD AID TO GRAIN
RESERVES ALSO PRESENTED. FEW COMMENTS IT DREW WERE
FAVORABLE. JAPANESE, IN PARTICULAR, VIEWED SEPARATION
BETWEEN GRAIN TRADE AND FOOD AID PROVISIONS IN NEW
AGREEMENT AS DESIRABLE.

8. FURTHER DISCUSSION OF US PAPERS AND CONSIDERATION OF EGYPTIAN PAPER ON PREFERENTIAL PRICING FOR LDCS SCHEDULED FOR FRIDAY MORNING, WITH CHAIRMAN AIMING AT NOON ADJOURNMENT. THERE SEEMS TO BE GENERAL SENTIMENT IN FAVOR OF FURTHER PREP GROUP SESSION FOLLOWING IWC COUNCIL AT END JUNE, ALTHOUGH EC HAS NOT YET EXPRESSED A VIEW ON FUTURE WORK. THIS WILL BE CONCLUDING ITEM OF CURRENT MEETING.
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